

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 NEA-10 ISO-00 IO-13 H-01 L-03 SP-02

ICA-11 AID-05 EB-08 NSC-05 SS-15 STR-07 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 PA-01 AGRE-00 /117 W

-----051724 252011Z /43/21

P 240426Z APR 78

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 4693

INFO AMEMBASSY ISLAMABAD PRIORITY

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USADB

FOR NAC AGENCIES

E.O. 11652: N/A

TAGS: EAID, EFIN, ADB, PK

SUBJECT: PROPOSED ADB TECHNICAL ASSISTANCE TO PAKISTAN FOR  
BALUCHISTAN LIVESTOCK DEVELOPMENT PROJECT

C O R R E C T E D C O P Y FOR SUMMARY

SUMMARY: ADB MANAGEMENT PROPOSES 220,000 DOLLAR EQUIVA-  
LENT TA GRANT TO PAKISTAN TO FINANCE FOREX COST OF  
REMUNERATION, INTERNATIONAL TRAVEL AND MISCELLANEOUS COSTS  
OF 24 MAN MONTHS OF CONSULTANTS TO FORMULATE AN INTEGRATED  
LIVESTOCK PROJECT FOR THE PROVINCE OF BALUCHISTAN. THE  
STUDY WILL PROVIDE A DETAILED INVESTMENT PROPOSAL INCLUD-  
ING MARKETING, ORGANIZATIONAL AND INSTITUTIONAL ASPECTS  
OF THE POTENTIAL PROJECT. USADB RECOMMENDS NAC APPROVAL.  
END SUMMARY.

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1. ADB DOC. R32-78 DESCRIBING PROPOSED GRANT POUCHED  
ADDRESSEES APRIL 20. BOARD CONSIDERATION SCHEDULED FOR  
MAY.

2. ADB MANAGEMENT PROPOSES 220,000 DOLLAR TA GRANT TO  
PAKISTAN TO FORMULATE AN INVESTMENT PROJECT THAT IS

ESTIMATED TO REQUIRE ABOUT 15 TO 20 MILLION DOLLARS EQUIVALENT WITH A FOREX COMPONENT OF ABOUT 50 PERCENT. PROCEEDS OF TA WILL FINANCE FOREX COSTS OF 24 MAN MONTHS (MM) OF CONSULTANTS WHICH INCLUDES EIGHT MM ECONOMISTS AND 16 MM OF VARIOUS ANIMAL HUSBANDRY AND MEAT PROCESSING EXPERTS. GOP HAS AGREED TO PROVIDE 20,000 DOLLARS EQUIVALENT TO COVER LOCAL CURRENCY COSTS INCLUDING COUNTERPART SERVICES, DOMESTIC TRANSPORTATION, OFFICE FACILITIES, AND CONTINGENCIES. THE CONSULTANT'S WORK IS TENTATIVELY SCHEDULED TO BEGIN ABOUT AUGUST 1978 WITH FINAL DISCUSSIONS ON REPORT SCHEDULED FOR DECEMBER 1978. WHILE THE TA IS PROVIDED ON A GRANT BASIS, THAT PORTION OF THE INITIAL GRANT WHICH EXCEEDS 150,000 DOLLARS WILL BE CHARGED AGAINST A LOAN IN THE EVENT THE TA RESULTS IN A LOAN FROM THE BANK. THE LIVESTOCK DEPARTMENT OF THE PROVINCIAL GOVERNMENT OF BALUCHISTAN (BLD) IS THE EXECUTING AGENCY.

3. AGRICULTURE IS THE PRINCIPAL ECONOMIC ACTIVITY IN PAKISTAN. IT CONTRIBUTES 35 PERCENT OF GDP AND PROVIDES EMPLOYMENT TO ABOUT 55 PERCENT OF THE POPULATION. AGRICULTURE ACCOUNTS FOR 75 PERCENT OF FOREX EARNINGS OF WHICH LIVESTOCK CONTRIBUTES 28 PERCENT. IN RECENT YEARS LIVESTOCK PRODUCTIVITY HAS FALLEN AS DEVELOPMENT IN THE SECTOR HAS BEEN SOMEWHAT NEGLECTED. LIVESTOCK, HOWEVER, HAS BEEN THE MAINSTAY OF ECONOMIC ACTIVITY IN THE PROVINCE OF LIMITED OFFICIAL USE

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BALUCHISTAN. THE ARID NATURE OF THE AREA AND THE LACK OF IRRIGATION FACILITIES TENDS TO FAVOR LIVESTOCK AS THE MOST FEASIBLE FORM OF AGRICULTURE IN THE PROVINCE. ABOUT 94 PERCENT OF THE LAND AREA OR 80 MILLION ACRES OF THE PROVINCE IS RANGE LAND, HOWEVER, A LARGE PART OF THE AREA IS SUITABLE TO INTERMITTENT OR NOMADIC GRAZING OF SHEEP AND GOATS ON SEASONALLY AVAILABLE FEED. NOMADIC TRIBES RANGE OVER A WIDE AREA AND INCLUDE GROUPS ENTERING BALUCHISTAN FROM AFGHANISTAN. DURING APRIL AND MAY, FLOCKS MOVE TO THE NORTH OF BALUCHISTAN RETURNING IN JULY AND AUGUST TO TAKE ADVANTAGE OF THE SUMMER RAINS. ONE TRIBAL GROUP, THE TRANSHUMANT, IS LOCATED ON THE MORE PRODUCTIVE RANGE LANDS IN THE NORTH AND GRAZE THEIR FLOCKS IN MORE DEFINED AND LOCALIZED AREAS, USUALLY WITHIN 100 MILES OF THEIR SEMI-PERMANENT SETTLEMENTS. TOTAL SHEEP AND GOAT POPULATION OF THE PROVINCE IS ABOUT 9.3 MILLION WITH ABOUT 450,000 SLAUGHTERED ANNUALLY AND AN ADDITIONAL 2 TO 3 MILLION ARE THOUGHT TO LEAVE THE PROVINCE TO MARKETS IN OTHER PARTS OF PAKISTAN, AFGHANISTAN AND IRAN. MARKETING INFRASTRUCTURE IS POORLY DEVELOPED, SLAUGHTERING FACILITIES ARE PRIMITIVE AND MOST ANIMALS ARE WALKED TO MARKET, USUALLY WITH CONSIDERABLE LOSS OF CARCASS WEIGHT

AND MEAT QUALITY.

4. THE OBJECTIVE OF THE PROPOSED TA IS TO FORMULATE AN INTEGRATED LIVESTOCK PROJECT FOR THE PROVINCE OF BALUCHISTAN. THE TERMS OF REFERENCE FOR THE CONSULTANT'S ASSESSMENT AND PROJECT FORMULATION INCLUDE INCREASED PRODUCTION OF MUTTON FROM SHEEP AND GOATS, IMPROVED BEEF AND MILK PRODUCTION, SUPPORTING SERVICES, IMPROVED RANGE MANAGEMENT, IMPROVED SLAUGHTERING AND MEAT PROCESSING, AND OTHER ESSENTIAL FACETS OF A VIABLE LIVESTOCK INDUSTRY. WHILE PART OF THE RESULTING PROJECT WOULD BE IMPLEMENTED BY THE PROVINCE, OTHER ELEMENTS WOULD BE RUN ALONG COMMERCIAL LINES BY PUBLIC OR PRIVATE SECTOR ENTITIES. DESPITE THE AVAILABILITY OF A NUMBER OF SINGLE PURPOSE LIMITED OFFICIAL USE

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STUDIES, THERE IS A NEED FOR A FULL EXAMINATION OF LIVE-STOCK INVESTMENT POSSIBILITIES FROM THE POINT OF VIEW OF

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TO SECSTATE WASHDC PRIORITY 4694  
INFO AMEMBASSY ISLAMABAD PRIORITY

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THEIR TECHNICAL, ECONOMIC AND FINANCIAL VIABILITY. MORE-

OVER, AN INDEPTH STUDY OF THE MARKETING, ORGANIZATIONAL AND INSTITUTIONAL ASPECTS OF THE POTENTIAL PROJECT IS ALSO NEEDED.

5. THE TOTAL COST OF THE TA IS 240,000 DOLLARS OF WHICH 220,000 DOLLARS WILL BE IN FOREX WHICH THE BANK AGREES TO FINANCE. LOCAL CURRENCY COST IS ESTIMATED AT 20,000 DOLLARS AND WILL COVER DOMESTIC TRAVEL AND VEHICLES FOR THE CONSULTANTS, OFFICE ACCOMMODATIONS SUITABLY FURNISHED AND STAFFED AND OTHER EQUIPMENT AND MATERIALS AS MAY BE REQUIRED BY THE CONSULTANTS. THE PROVINCIAL GOVERNMENT WILL ALSO PROVIDE SENIOR OFFICIALS TO ACT AS COUNTERPARTS TO THE CONSULTANTS.

6. A TOTAL OF EIGHT CONSULTANTS WILL BE RECRUITED UNDER THIS PROJECT AS FOLLOWS: TEAM LEADER, ECONOMIST AND INSTITUTIONAL EXPERT; 4 MM, MARKETING EXPERT/ECONOMIST; LIMITED OFFICIAL USE

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4 MM, ANIMAL HUSBANDRY EXPERT IN SHEEP AND GOATS; 3 MM, VETERINARIAN; 2 MM, RANGE MGMT EXPERT; 3 MM, WOOL AND HIDES PROCESSING EXPERT; 3 MM, DAIRY EXPERT; 3 MM AND MEAT PROCESSING EXPERT; 2 MM. THE TERMS OF REFERENCE ARE DETAILED IN THE APPENDIX OF BANK DOC. R32-78. CONSULTANTS WILL BE SELECTED IN JUNE/JULY 1978 AND WORK IS EXPECTED TO COMMENCE O/A AUGUST 1978. FINAL REPORT IS EXPECTED IN DECEMBER 1978.

7. THE LIVESTOCK DEPARTMENT OF THE PROVINCIAL GOVERNMENT OF BALUCHISTAN (BLD) WILL BE THE EXECUTING AGENCY. IT WILL BE RESPONSIBLE FOR ALL MATTERS PERTAINING TO LIVESTOCK ADMINISTRATION, PLANNING, DEVELOPMENT, RESEARCH, TRAINING, EXTENSION AND COMPILATION OF LIVESTOCK STATISTICS IN BALUCHISTAN. BLD IS AUTHORIZED 1062 POSITIONS WHICH INCLUDE 167 OFFICERS OF WHICH 44 ARE SENIOR POSITIONS. BLD IS RESPONSIBLE FOR EIGHT GOVERNMENT FARMS, 43 VET HOSPITALS, 252 VET DISPENSARIES, AND TWO RESEARCH STATIONS, IN CARRYING OUT ITS RESPONSIBILITIES AS EXECUTING AGENCY, BLD WILL BE ASSISTED BY A COORDINATING COMMITTEE TO BE FORMED BY THE PROVINCIAL GOVERNMENT.

8. USADB COMMENT: THAT A MAJOR EFFORT IS NEEDED TO IMPROVE LIVESTOCK PRODUCTION, MARKETING AND PROCESSING IN THE PROVINCE IS EVIDENT. WHETHER IT IS POSSIBLE TO DESIGN AN INTEGRATED PROJECT IN THE PROVINCE OF BALUCHISTAN ON A SCALE NECESSARY TO IMPACT FAVORABLY ON A SIGNIFICANT NUMBER OF INDIVIDUAL HERDERS IS STILL OPEN TO QUESTION. THE INSTITUTIONAL AND ADMINISTRATIVE PROBLEMS APPEAR AS THE MOST FORMIDABLE IN THIS PROJECT. HOWEVER, AS THE PURPOSE OF THE TA IS TO DETERMINE THE FEASIBILITY, AND

ECONOMIC AND FINANCIAL SOUNDNESS OF A POTENTIAL PROJECT,  
WE DO NOT WISH TO BE PREEMPTORY IN OUR JUDGEMENT, THERE-  
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FORE, WE RECOMMEND FAVORABLE NAC CONSIDERATION FOR THE TA.

9. REQUEST AMEMBASSY ISLAMABAD COMMENTS FOR NAC AGENCIES,  
INFO USADB MANILA, PURSUANT TO STATE 119795 DATED  
JULY 3, 1972. LEFES

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## Message Attributes

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